

June 27, 2022

Vanessa A. Countryman, Secretary  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

**RE: File Number S7-02-22, Amendments Regarding the Definition of “Exchange” and  
Alternative Trading Systems (ATsS)**

Dear Ms. Countryman,

The undersigned is authored by an upper-level law student at the Hofstra University Maurice A. Dean School of Law. I, Michael D. Lichtman, am a second-year law student who has undergone courses covering Business Organizations, Securities Regulation, as well as Administrative Law. I have an undergraduate degree in Economics and has been avidly following the fiscal impact of cryptocurrency on American markets. Furthermore, I have nearly four years of experience dealing with secured transactions and investment properties.

The purpose of this letter is to proclaim unyielding support for the U.S. Securities and Exchange Commission (the “SEC” or the “Commission”) regarding the proposed amendments to Rule 3b-16 of the Securities Exchange Act of 1934 (the “Exchange Act”) and commend its efforts in regulating the market.<sup>1</sup> For roughly 90 years, the SEC has worked tirelessly to protect investors, maintain fair, orderly, and efficient markets, while facilitating capital formation amidst a rapidly evolving socioeconomic landscape. The undersigned fully advocates for the SEC’s proposed amendments. By enacting these changes, the SEC will further solidify itself as the great protector of the investor.

I respectfully request the SEC consider the following suggestions: (1) the SEC adopt a presumption that platforms trading digital assets are trading securities; (2) Implementing a threshold requirement to Communication Protocol System compliance with registration. These questions stem from the following questions that the SEC has posed to the public within the proposal: (1) Do you agree that the proposed amendments would enhance regulatory oversight and investor protection?<sup>2</sup> and (2) Should the Commission adopt a more expansive or limited interpretation of the definition of “exchange”?<sup>3</sup>

**I. AMENDING RULE 3B-16 WILL FURTHER PROTECT INVESTORS AND  
RESULT IN INCREASED REGISTRATION**

In the 1990s, technological advances facilitated the inception of alternative trading systems (“ATS” or “ATsS”). By using an ATS to conduct trades, securities transactions were being executed without the need to look to a national stock exchange (“NSE”)<sup>4</sup> to find

---

<sup>1</sup> Amendments Regarding the Definition of “Exchange” and Alternate Trading Systems (ATsS) [*hereinafter* Proposal], 87 Fed. Reg. 15496 (proposed Mar. 18, 2022) (to be codified at 17 C.F.R. pts 232, 240, 242, 249).

<sup>2</sup> Proposal, 87 Fed. Reg. at 15644

<sup>3</sup> Proposal, 87 Fed. Reg. at 15512

<sup>4</sup> 15 U.S.C. § 78f

transactional counterparts. Such method resulted in greater efficiency and preservation of lower stock prices.<sup>5</sup> These ATSs made it difficult to distinguish between the activities of exchanges and that of traditional broker-dealers, since ATSs were being used as the functional equivalent of an exchange without the regulatory oversight. In response, the SEC adopted Regulation ATS in 1998.<sup>6</sup> Regulation ATS permitted these systems to continue operation by registering with the SEC as a broker-dealer, instead of as a NSE.<sup>7</sup> In what was then a win-win scenario, ATSs availed themselves to SEC oversight, while avoiding the more stringent and costly requirements of registering as an exchange under Section 6 of the Exchange Act.<sup>8</sup>

In implementing Regulation ATS, the SEC simultaneously adopted Exchange Act Rule 3b-16 (“Rule 3b-16”), which defines terms used in the statutory definition of “exchange” under Section 3(a)(1) of the Exchange Act. Rule 3b-16 describes an “exchange” as an organization, association, or group of persons that: (1) brings together the orders for securities of multiple buyers and sellers; and (2) uses established, non-discretionary methods (whether by providing a trading facility or by setting rules) under which such orders interact with each other, and the buyers and sellers entering such orders agree to the terms of a trade. This definition was believed to have fully encompassed the markets existing at that time.<sup>9</sup>

The world today looks drastically different than it did 24 years ago. Long gone are the days of investors needing to sit at their computers, loading their online brokerage accounts using a dial-up internet connection. Investors can now execute trades at the push of a button using powerful devices that can fit in the comfort of their pockets. With these new innovations, come new means for investors to be exploited. Just as the technological advances of the 1990s posed newfound challenges to regulation, the continued advances in the 21<sup>st</sup> century have prompted a new beast for the SEC to combat: Communication Protocol Systems. Communication Protocol Systems offer the use of communication protocols and non-firm trading interest to bring together buyers and sellers of securities, in a fashion analogous to that of a NSE or ATS.<sup>10</sup> However, such systems were not, and could not have been, anticipated by the SEC over 20 years ago. Communication Protocol Systems were therefore not included in the statutory definition of an exchange and currently operate in the market unregulated.

By not being subject to federal securities laws, Communication Protocol Systems have the potential to wreak havoc on the market and leave investors vulnerable to exploitation. It is therefore imperative that the SEC amend its rules to continue to protect investors and maintain fair, orderly, and efficient markets. The undersigned wholeheartedly supports the SEC’s proposal to, *inter alia*: (1) amend Rule 3b-16(a)(1) to replace the term “orders” with “trading interest”; (2) amend Rule 3b-16(a)(2) to include communication protocols and replace the term “uses” with “makes available”; and (3) permit Communication Protocol Systems to operate as an ATS pursuant to the Regulation ATS exemption from the definition of an exchange.<sup>11</sup>

---

<sup>5</sup> Regulation of Exchanges and Alternate Trading Systems [*hereinafter* Regulation ATS Adopting Release], 63 Fed. Reg. 70844 at 70899, n.532 (1998).

<sup>6</sup> Regulation ATS Adopting Release, 63 Fed. Reg. 70844; *See also* 17 C.F.R. § 242.300.

<sup>7</sup> *Id.* *See also* 17 C.F.R. § 240.3a1-1(a)(2).

<sup>8</sup> 15 U.S.C. § 78f; *See also* Proposal 87 Fed. Reg. at 15508.

<sup>9</sup> *See* Regulation ATS Adopting Release, 63 Fed. Reg. at 70900.

<sup>10</sup> *See* Proposal 87 Fed. Reg. at 15498.

<sup>11</sup> *See* Proposal 87 Fed. Reg. at 15504, 15506, 15508.

**A) Inclusion of the Term “Trading Interest” Will Aid in SEC Oversight of Modern Systems**

The emergence of Communication Protocol Systems has brought on a new means of bringing together buyers and sellers of securities. While traditional exchanges bring together buyers and sellers using orders and utilize matching algorithms, modern systems, such as Communication Protocol Systems, assemble buyers and sellers by also using non-firm indications of a willingness to buy or sell.<sup>12</sup> These non-firm indications, or trading interests, include the identified security (by name or symbol), and either the quantity, price, or direction.<sup>13</sup> Although systems implementing the use of trading interests provide sufficient information for a reasonable investor to make an informed decision,<sup>14</sup> using this method allows systems to fall outside the scope of the statutory definition of “exchange” under Section 3(a)(1) of the Exchange Act.<sup>15</sup> As a result, these systems have evaded regulation and become a preferred trading destination for those seeking to ignore federal oversight.

The proposal to include a definition of “trading interest” within Exchange Act Rule 3b-16 and replace “orders” with “trading interest” will greatly benefit the Commission and the market.<sup>16</sup> It will provide regulatory transparency by clarifying what the SEC considers adequate methods of bringing together buyers and sellers, as well as define said methods so as to clear up any ambiguity there may have previously been. Moreover, the amendment will be instrumental in bringing Communication Protocol Systems under the regulatory framework.

**B) Communication Protocol Systems Under Regulatory Framework to the Benefit of Investors**

Communication Protocol Systems provide their users with protocols which allow them to interact with one another to facilitate the execution of trades.<sup>17</sup> In doing so, Communication Protocol Systems take a significantly more passive role than that of a traditional exchange.<sup>18</sup> As a result, the utilization of such means was not accounted for when Exchange Act Rule 3b-16 was originally constructed. By amending Rule 3b-16(a)(2) to include communication protocols and replace the term “uses” with “makes available,” Communication Protocol Systems will fall within the scope of the Commission’s definition of an “exchange,” thereby herding these wild beasts within its jurisdiction. Requiring Communication Protocol Systems to comply with the federal securities laws will avail investors to the countless protections and recourse options provided by the SEC.

Those who meet the definition of an “exchange” under Rule 3b-16, unless otherwise exempt, are required by Section 5 of the Exchange Act to register with the SEC as a NSE in accordance with Section 6 of the Exchange Act.<sup>19</sup> Upon registration, these NSEs are subject to a host of regulatory requirements including implementing rules that prevent fraud and manipulation, promote just and equitable principles of trade, and protect investors and the public interest, enforcing such implemented rules, and maintaining books and records of transactions.<sup>20</sup>

---

<sup>12</sup> See Proposal 87 Fed. Reg. at 15498.

<sup>13</sup> See Proposal 87 Fed. Reg. at 15504.

<sup>14</sup> See Proposal 87 Fed. Reg. at 15505.

<sup>15</sup> See also 17 C.F.R. § 240.3b-16.

<sup>16</sup> See Proposal 87 Fed. Reg. at 15504.

<sup>17</sup> See Proposal 87 Fed. Reg. at 15506

<sup>18</sup> *Id.*

<sup>19</sup> 15 U.S.C. § 78fe; 15 U.S.C. § 78f.

<sup>20</sup> See 15 U.S.C. § 78f(b); 15 U.S.C. § 78s(g), 15 U.S.C. § 78q.

Because Communication Protocol Systems are not subject to such requirements, users would be permitted to run amuck in what would effectively be a digital Wild West, but less strict. For at least in the days of the Wild West there was a sheriff that could enforce some laws. This leaves investors susceptible to a plethora of potential attacks, with no options for recourse.

To illustrate the potential effects unregulated, quasi-exchanges may have on investors, the undersigned offers the following hypothetical example. Bruno, a Communication Protocol System user, takes a long position on “FONY”, a generally unknown security that has consistently maintained the same market value for an extended period of time. Bruno then comes to an arrangement with a MARS, a Communication Protocol System, to have FONY listed on their system next to some of the most established and reputable securities on the market. This arrangement leads to an influx of investors purchasing shares, causing the price of FONY to skyrocket. A few months later, FONY files for Chapter 7 Bankruptcy, leaving its investors with nothing. Bruno, however, has made off with a substantial profit.

Because MARS was not subject to federal security laws, Bruno was able to manipulate the organic price of the security and defraud its investors. Had MARS been availed to SEC oversight, such a situation may have been prevented. MARS would have been required to implement rules that could prevent such an occurrence under Section 6(b) of the Exchange Act. Additionally, Section 17 of the Exchange Act would have required recordkeeping and allowed the SEC to examine such records to sniff out this fraudulent scheme. Even in the event that this scheme were to still transpire, it would have been in violation of antifraud provisions of the Exchange Act, including Section 9 and Section 10 of the Exchange Act and SEC Rule 10b-5 promulgated thereunder.<sup>21</sup> Such violations would authorize the SEC to take action against Bruno and MARS, while also empowering investors with a private right of action to seek restitution.<sup>22</sup> Clearly, bringing Communication Protocol Systems within the scope of SEC regulation would benefit the market and investors by shielding them from harm and providing avenues for which they can pursue justification.

### **C) Extending the Olive Branch: Permitting Communication Protocol Systems to Operate as Alternative Trading Systems**

Rule 3b-16, as amended, would efficiently subject unwieldy Communication Protocol Systems to SEC regulation to the benefit of investors and the market. The undersigned fully supports the proposal while not oblivious to the reality that the requirements inherent in registering as an “exchange” under Section 6 of the Exchange Act may be perceived as overly burdensome to Communication Protocol Systems. Previously unrestricted Communication Protocol Systems, now required to register as an NSE, would be subjected to numerous statutory rules, leaving them potentially hesitant to comply.<sup>23</sup> The proposal to permit Communication Protocol Systems to operate under the Regulation ATS exemption extends an olive branch to these systems which both ensures adequate investor protection and further entices compliance by hesitant Communication Protocol Systems.<sup>24</sup>

---

<sup>21</sup> 17 C.F.R. § 240.10b-5.

<sup>22</sup> 15 U.S.C. § 78i(f); *See Dura Pharms., Inc. v. Broudo*, 544 U.S. 336, 341–42 (2005) [permitting private parties to pursue legal action for violations of Section 10 of the Exchange Act and SEC Rule 10b-5 thereunder].

<sup>23</sup> *See generally*, 15 U.S.C. § 78.

<sup>24</sup> Proposal, 87 Fed. Reg at 15508.

To operate under the Regulation ATS exemption, Communication Protocol Systems will be required to register as a broker-dealer under Section 15 of the Exchange Act.<sup>25</sup> Though less stringent than the requirements of a NSE under Section 6,<sup>26</sup> Communication Protocol Systems would still be subject to SEC rules and examination, while additionally complying with the Financial Industry Regulatory Authority's ("FINRA") rules for broker-dealers.<sup>27</sup> Moreover, operating under the Regulation ATS exemption will entail compliance with the many rules of Regulation ATS, such as the Fair Access Rule, the Capacity, Integrity, and Security Rule, and rule regarding recordkeeping requirements. As icing on the proverbial cake, the SEC will permit conditional operation of Communication Protocol Systems while pending registration.<sup>28</sup> Systems will not need to shut down for fear of violating federal securities laws and shall be allotted adequate time periods in which to comply.<sup>29</sup> Such provisions will undoubtedly lead to a large number of Communication Protocol Systems complying and reinforce the protective armor provided to investors.

## **II. COMPELLING REGISTRATION OF CRYPTOCURRENCY EXCHANGES**

I reiterate my commendation for the Commission's proposals to amend the definition of "exchange" and Regulation ATS.<sup>30</sup> However, changes of this magnitude to the federal securities laws regulatory framework do not occur often.<sup>31</sup> That being said, the proposed amendments to Rule 3b-16 and Regulation ATS<sup>32</sup> provide an exceptional opportunity to combat perhaps the gravest looming concern affecting today's markets: digital asset platforms. Digital asset platforms, or crypto exchanges, utilize communication protocols and non-firm trading interests to bring together the buyers and sellers of, among other things, digital tokens.<sup>33</sup> Indeed, these platforms appear eerily similar to Communication Protocol Systems under the proposed amendments,<sup>34</sup> except for the fact that digital assets such as the ones traded on these platforms have not been deemed a security for purposes of Section 2(a) of the Securities and Exchange Act of 1933 (the "Securities Act"). While Section 2(a) of the Securities Act does not explicitly include digital assets, coins, or tokens, the term "investment contract" is provided for within the statute.

The determination as to whether a financial arrangement rises to the level of an investment contract, and therefore a security under Section 2(a) of the Securities Act, is made by applying the analysis established in *SEC v. W.J. Howey Company*, 328 U.S. 293 (1946) ("*Howey* analysis" or "*Howey* test"). Under *Howey*, an arrangement rises to the level of an "investment contract" when there is an investment of money in a common enterprise with the expectation of profits derived from the efforts of others.<sup>35</sup> With over 9,900 digital tokens currently in

---

<sup>25</sup> 17 C.F.R. § 242.301.

<sup>26</sup> Proposal, 87 Fed. Reg. at 15508 n.121.

<sup>27</sup> See 17 C.F.R. § 242.301(b)(5); 17 CFR § 242.301(b)(6); 17 CFR § 242.302.

<sup>28</sup> Proposal, 87 Fed. Reg. at 15508.

<sup>29</sup> Proposal, 87 Fed. Reg. at 15511.

<sup>30</sup> See generally, Proposal, 87 Fed. Reg. 15496.

<sup>31</sup> Noting that it has been 24 years since Reg ATS was adopted.

<sup>32</sup> See generally, Proposal, 87 Fed. Reg. 15496.

<sup>33</sup> For purposes of this letter, "tokens," "coins," and "assets" are used interchangeably.

<sup>34</sup> See generally, Proposal, 87 Fed. Reg. 15496.

<sup>35</sup> *SEC v. W.J. Howey Company*, 328 U.S. 293 (1946).

existence<sup>36</sup> and more continuing to appear, conducting a *Howey* analysis for each token would be an arduous task, even for the mighty SEC. An undertaking such as this is not only time consuming for the Commission but could leave harmed investors waiting years before they see their investments returned. Instead, the undersigned suggests the following amendments to the SEC's proposal, which would cement SEC jurisdiction over crypto exchanges.

**A) Presumption of a Digital Asset Being a Security**

The amendments proposed by the SEC lay the groundwork for regulation of digital asset platforms, but more is needed to ensure that these platforms are corralled into the regulatory framework of the federal securities laws. Though digital assets have yet to officially be classified as a security, the SEC determined in a report issued in 2017 ("DAO Report") that the federal securities laws may in fact apply to the offer and sale of certain digital tokens.<sup>37</sup> The SEC concluded their findings by stating that whether a particular transaction involves the offer and sale of a security will depend on the facts, circumstances, and economic realities of the transaction.<sup>38</sup> In addition, the Commission found that systems trading tokens similar to that of the DAO Token must register as an exchange pursuant to Section 6 of the Exchange Act.<sup>39</sup> Following the DAO Report, the Commission has continuously brought enforcement actions against parties engaging in the purchase or sale of digital tokens which rise to the level of a security.<sup>40</sup> SEC Chairman Gary Gensler has since reiterated the findings of the DAO Report, stating not only that most of the digital tokens being offered rise to the level of a security, but that the likelihood of given platform trading zero securities is remote.<sup>41</sup>

Adopting the presumption that platforms offering the purchase and sale of digital assets are enabling the trade of securities would undoubtedly bring crypto exchanges within SEC jurisdiction, thereby benefiting the market in numerous ways. By presuming that digital assets are securities, crypto exchanges will formally meet the description of a Communication Protocol System provided within the proposal. As such, these platforms will be subject to either the disclosure requirements of an exchange or an ATS, leading to a greater level of transparency across the market.<sup>42</sup> In addition, subjection to the requirements of the Exchange Act and Regulation ATS will safeguard currently unprotected trading information.<sup>43</sup>

The undersigned acknowledges the introduction of the Responsible Financial Innovation Act ("RFIA" or the "Act") but believes that the proposed legislation does not sufficiently protect investors.<sup>44</sup> While the Act codifies existing legal precedent under the *Howey* test, it would statutorily define digital assets as commodities, thereby allocating far too much responsibility to the Commodities Futures Trading Commission ("CFTC").<sup>45</sup> In 2021, the CFTC engaged in 73

---

<sup>36</sup> Connor Sephton, *How Many Cryptocurrencies Are There?*, CURRENCY.COM (Jan. 27, 2022, 2:49 PM), <https://currency.com/how-many-cryptocurrencies-are-there>.

<sup>37</sup> SEC, Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO [hereinafter "DAO Report"], Rel. No. 81207 (July 25, 2017) [finding that digital "DAO Token" was a security for purposes of Section 2(a) of the Securities Act].

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

<sup>40</sup> See SEC Announces Enforcement Results for FY 2021, Release No. 2021-238 (Nov. 18, 2021).

<sup>41</sup> Gary Gensler, Chairman, SEC, Prepared Remarks of Gary Gensler on Crypto Markets at the Penn Law Capital Markets Association Annual Conference (Apr. 4, 2022).

<sup>42</sup> 15 U.S.C. 78(f); 17 C.F.R. § 242.300; *et seq.*

<sup>43</sup> 15 U.S.C. 78(f); 17 C.F.R. § 242.300; *et seq.*

<sup>44</sup> Responsible Financial Innovation Act [hereinafter *RFIA*], S. 4356, 117th Cong. (2022)

<sup>45</sup> *Id.* § 301

enforcement related activities,<sup>46</sup> whereas the SEC brought 434 new enforcement actions within the same period.<sup>47</sup> Leaving the regulation of digital assets in the hands of the lesser experienced CFTC would not be in the best interest of investors, who have been more than adequately cloaked by the SEC for decades. The SEC also has a greater level of expertise in enforcing laws related to digital tokens and would ensure that platforms remain compliant with federal regulations.<sup>48</sup> That being said, the undersigned maintains endorsement for the *Howey* Test. However, such an analysis is better suited for a time after investors have been afforded adequate protection. In doing so, the SEC will have ample time to properly vet listed tokens while provided a preventative shield to the investors. Assuming, *arguendo*, one of the tokens offered on a crypto exchange fails the test and functions as a commodity, the SEC can then turn regulation over to the CFTC.

### **B) Implementing a Threshold Requirement – *De Facto* Exchanges**

As previously stated, digital asset exchanges currently operate in the market analogous to that of Communication Protocol Systems. Rule 3b-16 and Regulation ATS, as amended, would require these platforms to either register as an exchange under Section 6 of the Exchange Act or comply with Regulation ATS by registering as a broker-dealer under Section 15 of the Exchange Act.<sup>49</sup> The undersigned believes that many of these platforms will submit to regulatory oversight, with many doing so in some manner prior to this writing. Examples include: Coinbase Global Inc. registered with the SEC as a periodic reporting company; Gemini Galactic Markets, LLC registered with FINRA as a broker-dealer; and Payward Ventures, Inc. (doing business as “Kraken”) registering with FinCen as a money services business.<sup>50</sup>

If adopted, a majority will likely elect to operate under the Regulation ATS exemption due to the less stringent requirements. However, there will assuredly be those that do not comply, whether because they believe that the amended 3b-16 does not encompass the methods used by their platform, or because they want to take their chances in a battle with the SEC.<sup>51</sup> With nearly 600 different digital exchanges,<sup>52</sup> it would be unreasonable to assume that all would comply, especially since many include the word “exchange” in their name, which prohibits the use or any derivation of the word “exchange” in its name.<sup>53</sup> In an effort to further ensure compliance with federal regulations, the undersigned requests the Commission to consider adding a threshold requirement to Rule 3b-16(c).

Implementing threshold requirements are no foreign concept to the federal securities laws. In fact, Section 12(g) of the Exchange Act provides that companies that affect interstate

---

<sup>46</sup> 2021 CFTC ANN. REP.

<sup>47</sup> SEC Announces Enforcement Results for FY 2021, Release No. 2021-238 (Nov. 18, 2021).

<sup>48</sup> *Id.*; See also *In Re. Loci, Inc.* [finding that a company and its CEO antifraud provisions of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and Section 17(a) of the Securities Act of 1933, and the registration provisions of Sections 5(a) and 5(c) of the Securities Act in issuing digital tokens].

<sup>49</sup> See generally Proposal, 87 Fed. Reg. 15496.

<sup>50</sup> Coinbase Glob. Inc., Reg. Statement Under the Securities Act (Form S-1) (Fed. 25, 2021); Team Gemini, Gemini Galactic Markets Approved for FINRA Membership and Broker-Dealer Operation, GEMINI (Jan. 26, 2022), <https://www.gemini.com/blog/gemini-galactic-markets-approved-for-finra-membership-and-broker-dealer>; Is Kraken Licensed or Regulated?, KRAKEN, <https://support.kraken.com/hc/en-us/articles/360031282351-Is-Kraken-licensed-or-regulated-> (last visited Jun. 27, 2022).

<sup>51</sup> See Complaint, *Ripple Labs, Inc.*, 20 Civ. 10832, (D.N.Y. 2020), 1:20-cv-10832.

<sup>52</sup> Javier Paz, *The Best Global Crypto Exchanges*, FORBES (Mar. 16, 2022, 8:18 AM) <https://www.forbes.com/sites/javierpaz/2022/03/16/the-best-global-crypto-exchanges/?sh=566170a0742c>.

<sup>53</sup> Proposal, 87 Fed. Reg. 15511; See also 17 C.F.R. § 242.300(b)(10)

commerce with assets exceeding \$10,000,000 and a class of equity securities held by either 2,000 persons or 500 accredited investors are deemed to be a reporting company for purposes of the Exchange Act. By implementing a threshold to the definition of “exchange”, the Commission can further encapsulate these systems that opted forgo registration requirements despite the more than accommodating olive branch the Commission has extended. The undersigned proposes the following language be added to Exchange Act Rule 3b-16 as subsection (c): “An organization, association, or group of persons shall be considered to constitute, maintain, or provide ‘a market place or facilities for bringing together purchasers and sellers of securities or for otherwise performing with respect to securities the functions commonly performed by a stock exchange,’ if, within 120 days of the last fiscal quarter, such organization, association, or group of persons accumulates within in their system a minimum of: (1) \$1,000,000 in trading volume; (2) 100,000 weekly visits; or (3) 25 listed offerings.” The undersigned believes that the addition of this threshold would effectively ensure regulatory oversight of the most prominent platforms. Of the top 100 ranked platforms: 95 have a trading volume which exceeds \$1,000,000, 83 experience over 100,000 user visits per week, and 84 list at least 25 unique digital offerings.<sup>54</sup> Instituting a threshold such as the one suggested will further ensure that a regulatory light is cast upon digital asset exchanges affecting the market.

### **III. CONCLUSION**

I restate my support for the SEC’s proposed rule changes and hopes the Commission will view the suggestions outlined above as both sensible and achievable. A once meager market has soon grown to be perhaps the most formidable foe facing investor today. The regulation of cryptocurrency could not be in better hands than that of the SEC. Thank you for your time and the opportunity to comment on this proposal.

Sincerely,

*Michael D. Lichtman*

---

Michael D. Lichtman

---

<sup>54</sup> *Top Cryptocurrency Spot Exchanges*, COINMARKETCAP, <https://coinmarketcap.com/rankings/exchanges/> (last visited Jun. 27, 2022).